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Item 11 (g) of the provisional agenda

Industrial Development Board

Resumed twenty-first session
Vienna, 29 November 1999
Agenda item 4 (j)

IMPLICATIONS OF THE EURO FOR UNIDO

Intersessional working group on proposed amendments to the financial regulations

Report of the Chairman, H.E. Mrs. I. Freudenschuss-Reichl, Austria

Reports on the deliberations of the intersessional working group concerning the introduction of the euro in the accounting of UNIDO.

1. In its decision IDB.21/Dec.8, the Board enlarged the mandate of the intersessional working group on proposed amendments to the financial regulations to discuss all aspects of the possible adoption of a single currency system of assessment based on the euro, and requested the group to submit its conclusions to a resumed twenty-first session of the Board, for submission to the eighth session of the General Conference, with a view to taking appropriate action and a decision. The present document is submitted in compliance with that request.

2. The working group held two meetings, on 22 October and 18 November 1999. During those meetings, the Secretariat made presentations and, in response to queries raised at the first meeting, circulated a supplementary paper on 9 November 1999. There was a wide exchange of views both among Member States and between Member States and the Secretariat. The Secretariat provided satisfactory information that enabled preparing a draft decision on the implications of the euro for UNIDO. That decision, contained in paragraph 3 below, was met with no objection by the intersessional working group. Thus, it was agreed to forward the draft decision to the Board at its resumed twenty-first session. After agreement was reached on the draft decision, one Member State made a statement in its support.

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ACTION REQUIRED OF THE BOARD

3. The Board may wish to take up consideration of the draft decision below:

The Industrial Development Board:

(a) Takes note of the report by the Director-General on implications of the euro for UNIDO (GC.8/15-IDB.21/30) and the report of the Inter-sessional working group on proposed amendments to the Financial Regulations of UNIDO (IDB.21/31-GC.8/19);

(b) Recommends to the General Conference adoption of the following draft decision:

"The General Conference:

(i) Decides to adopt, beginning with the fiscal period 2002-2003, a single-currency system of assessment based on the euro for contributions to the regular budget;

(ii) Also decides to amend the concomitant Financial Regulations of UNIDO relating to the preparation of budgets, appropriation and assessment, collection of contributions and advances, and currency of accounts, as stated in paragraph 34 of document GC.8/15-IDB.21/30;

(iii) Authorizes the Director-General to introduce necessary changes to the schedule 1 and annexes to the Staff Regulations of UNIDO, as stated in paragraph 35 of document GC.8/15-IDB.21/30;

(iv) Also authorizes the Director-General to establish a reserve, not subject to the provisions of Financial Regulations 4.2(b) and 4.2(c), for the purpose of protecting the Organization from exchange rate fluctuations;

(v) Requests the Director-General to report to the General Conference, at its tenth regular session, on the implementation of the transition to the single-currency system."